

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
OF
AIR ASIA COMPANY LIMITED
July 17, 1962

A meeting of the Board of Directors of Air Asia Company Limited was held at Manufacturers Hanover Trust Company, 350 Park Avenue, New York City on July 17, 1962.

PRESENT: Admiral Stump and Messrs. Doole, Goelet, Grundy, Richardson and Walker. Also present for part of the meeting at the invitation of the Board was Mr. Joseph Fina representing Lybrand, Ross Bros. & Montgomery, the Company's independent auditors and Mr. Amos Hiatt, Treasurer-Controller of the Company.

ABSENT: Messrs, Ames and Read.

The Chairman called the meeting to order and announced that a quorum was present. Vice Chairman Doole presented the Certificate of Mailing of Notice and stated that a formal notice of the meeting had been directed to all directors in accordance with the By-Laws of the Corporation. The Vice Chairman was directed to file the Certificate of Mailing of Notice with the Minutes of the Meeting.

The Minutes of the Meeting of the Board of Directors of June 19, 1962 were approved.

There were no elections.

APPROVED FOR RELEASE DATE: 09-Oct-2009
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Mr. Fina on behalf of Lybrand, Ross Bros. & Montgomery presented the Auditor's Report for the fiscal year ended March 31, 1962. For the year ended March 31, 1962, the net income of Air Asia before provision for income taxes was \$1,802,283. Provision for Taiwan income taxes for fiscal 1962 amounted to \$392,458 with a final net income of \$1,437,283. The Auditor's Report was noted by the Board and the Chairman directed that a copy of the financial statement be filed with the minutes of this meeting.

The Minutes of the Meetings of the Executive Committee held on June 26 and July 10, 1962, were summarized for and noted by the Board.

The President then reported the highlights of the Company's operations for the past year. The past year has been marked by a tremendous increase in activities. Flight operations for the year ended March 31, 1962, totaled 78,002 aircraft hours as compared with approximately 36,400 aircraft hours for fiscal 1961. During the year the Company established a major helicopter capability and logged a total of 21,367 hours of helicopter operations.

*ops
figures*

The past year also saw the inauguration of jet service in the scheduled operations for Civil Air Transport Company Limited. Through advance planning, training and preparation, the inauguration of the Mandarin Jet service was successfully implemented with only minor working problems. The jet load factor of 45 per cent for the period from July 12, 1961, through March 31, 1962, was somewhat less than anticipated due to the weak Bangkok - Hong Kong segment. However, such load factors do not include the movement of Company personnel and property or the substantial benefit of such service to the Company's buildup of its SEA Contract operation.

The President stated that the Company employees approximated 850 persons in SEA which is now a major area of operations. The massive expansion of activities in SEA over the past year have been accompanied by problems of personnel discipline and morale which problems are being or have been substantially corrected. The Company bonus came as a surprise to the employees and was greatly appreciated and well received as was the adoption of the retirement plan.

*Personnel
Discipline
Morale*

The President further reported that during the past year new maintenance facilities were built at Tainan which consolidated the Company's shops at Kaohsiung and Tainan. New Jet engine overhaul facilities were also established during the past year. Maintenance production of the Company for fiscal 1962 totaled 2,593,817 skilled manhours representing a 31 per cent increase over the prior fiscal year.

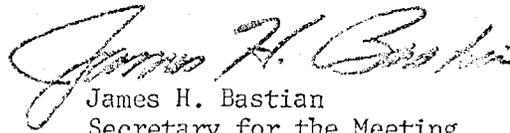
The Treasurer-Controller then summarized the financial results for fiscal 1962. He reported that Company operations continue at a high level and net profit before taxes for April and May 1962 were \$606,000. He noted that collections of receivables has been a major problem during the past year but has substantially improved during the past few months. As of June 27, 1962, there was outstanding receivables of \$2,200,000 from SEA operations. It is anticipated that at the end of July SEA receivables will be confined to June billings of approximately \$1,500,000 plus July flying. Management of foreign exchange was reported to be progressing in a satisfactory manner in most areas; however, it was noted that the Company has some \$100,000 tied up in local currency in Viet Nam.

The Vice Chairman reported the Company has been approached to participate in the building of a tourist hotel for Taiwan. After discussion it was agreed that Taiwan urgently needs additional hotel facilities and that

such additional facilities are necessary if tourism is to be stimulated. However, the Company should not dissipate its capital and executive talent, which are urgently needed in the development of its primary transportation activities, to enter into a business foreign to its principal operation.

There being no further business to come before the meeting, it was, on motion duly made and seconded, adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James H. Bastian".

James H. Bastian
Secretary for the Meeting